

SENATE FINANCE COMMITTEE  
February 3, 2022  
1:04 p.m.

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CALL TO ORDER

Co-Chair Bishop called the Senate Finance Committee meeting to order at 1:04 p.m.

MEMBERS PRESENT

Senator Click Bishop, Co-Chair  
Senator Bert Stedman, Co-Chair  
Senator Natasha von Imhof (via teleconference)  
Senator Donny Olson  
Senator Bill Wielechowski  
Senator David Wilson

MEMBERS ABSENT

Senator Lyman Hoffman

ALSO PRESENT

Erin Shine, Staff, Senator Click Bishop; Senator Peter Micciche, Sponsor; Konrad Jackson, Staff, Senator Peter Micciche.

SUMMARY

SB 9           ALCOHOLIC BEVERAGE CONTROL; ALCOHOL REG

CSSB 9(FIN) was REPORTED out of committee with two "do pass" recommendations; two "amend" recommendations; and one "no recommendation"; and with a new fiscal impact note from the Alaska Judicial System; a new fiscal impact note from the Department of Commerce, Community and Economic Development; a new indeterminate fiscal note from the Department of Revenue; a new zero fiscal note from the Department of Commerce, Community and Economic Development; and a new zero fiscal note from the Department of Health and Social Services.

#sb9

SENATE BILL NO. 9

"An Act relating to alcoholic beverages; relating to the regulation of manufacturers, wholesalers, and retailers of alcoholic beverages; relating to licenses, endorsements, and permits involving alcoholic beverages; relating to common carrier approval to transport or deliver alcoholic beverages; relating to the Alcoholic Beverage Control Board; relating to offenses involving alcoholic beverages; amending Rule 17(h), Alaska Rules of Minor Offense Procedure; and providing for an effective date."

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Co-Chair Stedman MOVED to ADOPT the committee substitute for SB 9, Work Draft 32-LS0124\G (Dunmire, 1/28/22).

Co-Chair Bishop OBJECTED for discussion.

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ERIN SHINE, STAFF, SENATOR CLICK BISHOP, discussed the Explanation of Changes (copy on file):

Section 13

Page 30, line 22 - Page 32, line 20

Amends 04.09.370 from a winery direct shipment license to a manufacturer direct shipment license. Sets shipping limit by liters or ounces for distilled spirits, wine, and brewed beverages per each transaction and per calendar year.

Conforming changes are found in Sections 26 (AS 04.11.260), 28 (AS 04.11.270), 33 (AS 04.11.310), 40 (AS 04.11.330), 51 (AS 04.11.400), 62 (AS 04.11.460), 90 (AS 04.16.022), and 140 (AS 04.21.025)

Section 68

Page 79, lines 26-27

Amends AS 04.11.491(a) by adding a new subsection (H) to allow, through a local option vote for local option communities in municipalities, for a packaged store license limited to selling beer and wine only.

Section 69

Page 80, lines 23-24

Amends AS 04.11.491(b) by adding a new subsection (H) to allow, through a local option vote for local option communities in established villages, for a packaged store license limited to selling beer and wine only.

Section 159

Page 117, lines 16-18

Amends AS 43.30.060 from a winery direct shipment tax to a manufacturer direct shipment tax to conform to changes in Section 13.

Section 167

Page 119, lines 16 & 22

Changes the transition implementation date from January 1, 2023 to January 1, 2024

Section 17

Page 124, lines 5

Changes the effective dates for Sections 168(a) and 169 from January 1, 2023 to January 1, 2024

Section 173

Page 124, line 8

Changes the effective date for Section 167 from September 1, 2022 to September 1, 2023

Section 174

Page 124, line 10

Changes the effective date for the Act from January 1, 2023 to January 1, 2024.

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Senator Olson looked at Sections 68 and 69. He queried the impact on the "local option use" for some of the villages that had "voted themselves dry."

Ms. Shine replied that if a village had voted themselves dry, there would be no change, but agreed to check with Legislative Legal. She believed that it would provide one more option for a local option.

Senator Olson asked for further explanation from the bill sponsor.

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SENATOR PETER MICCICHE, SPONSOR, stated that it would not allow for alcohol distribution for dry communities that had not voted to allow the distribution of sales. Rather, it only allowed for the option, if the community decided that the distribution of alcohol would be legal.

Senator Olson noted the issue of bootlegging in some of the villages. He wondered how the new sections would affect the unlawful distribution of alcoholic beverages.

Senator Micciche replied that one of the primary focuses of public safety and those in recovery in the bill, was the tracking and flow of alcohol in rural Alaska. He stressed that new provisions may provide an opportunity for a clearer picture of the distribution of alcohol.

Co-Chair Bishop WITHDREW the OBJECTION. There being NO OBJECTION, it was so ordered.

Senator Olson MOVED to ADOPT Amendment 1, Work Draft 32-LS0124\G (Dunmire, 1/28/22) (copy on file).

Co-Chair Bishop OBJECTED for discussion.

Senator Olson explained Amendment 1. He stated that the amendment deleted portions of the bill that would allow for "more than one brewery retail, one winery retail, and one distillery retail license for each 12,000 population or fraction of that population." He remarked that there were no communities in his district that had 12,000 people. He did not like "monopolies", and felt that there would be an allowance for monopolies with the provision.

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Co-Chair Stedman asked for more detail about the reference in the bill.

KONRAD JACKSON, STAFF, SENATOR PETER MICCICHE, introduced himself.

Senator Micciche explained that there were some alcohol distributors who were against the bill, but also noted that many were in support of the bill. He felt that there was an unfair amount of pressure from traditional alcohol industries that wanted to "put the clamps" onto breweries

and tasting rooms. He shared that there had been conversations about how to allow competition for different breweries and tasting rooms to allow for expansion.

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Senator Micciche continued to say that the provision would allow for fair competition, and felt that it was counter to what it seems to be outlining.

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Senator Olson wondered why the free market should not decide the issue.

Senator Micciche replied that there were issues of overconsumption and distribution, he would be in favor of eliminating licensing caps. He explained that it would not happen, because alcohol is not the same as other industries.

Co-Chair Stedman asked for the definition of a "tasting room."

Senator Micciche replied that "tasting rooms" referred to breweries, wineries, and distilleries.

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Co-Chair Stedman surmised that tasting rooms only allowed for a small group of people to have only three drinks maximum.

Senator Micciche replied that there was not always a small group, because they were competing directly with the alcohol industry.

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AT EASE

[1:33:16 PM](#)

RECONVENED

Senator Olson WITHDREW Amendment 1.

Senator Wielechowski addressed the fiscal notes.

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AT EASE

1:36:37 PM

RECONVENED

Co-Chair Stedman MOVED to REPORT CSSB 9(FIN) with individual recommendations and attached fiscal notes. There being NO OBJECTION, it was so ordered.

CSSB 9(FIN) was REPORTED out of committee with two "do pass" recommendations; two "amend" recommendations; and one "no recommendation"; and with a new fiscal impact note from the Alaska Judicial System; a new fiscal impact note from the Department of Commerce, Community and Economic Development; a new indeterminate fiscal note from the Department of Revenue; a new zero fiscal note from the Department of Commerce, Community and Economic Development; and a new zero fiscal note from the Department of Health and Social Services.

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ADJOURNMENT

1:37:24 PM

The meeting was adjourned at 1:37 p.m.